

THE TORONTO STOCK EXCHANGE

22/2/73
1/3/73
8/3/73

FILING STATEMENT NO. 1859.
Filed, March 23rd, 1973

UNITED MINDAMAR METALS LIMITED

Full corporate name of Company

Incorporated under The Companies Act (Ontario)

by Letters Patent dated May 16th, 1950

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953

(Ontario) by Letters Patent dated May 1st, 1957). Reference is made to previous

Filing Statement No. 1537.

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.

To reflect the following material changes in the affairs of the Company:

- (a) Potential change of control; Changes in the Officers and Directors (see items 3 and 20);
- (b) Private Placement of treasury shares of the Company (see items 6 and 7);
- (c) Incorporation of a wholly-owned subsidiary, Calif Resources, Inc. (hereinafter called "Calif"), under the laws of Texas, to acquire certain farmout rights on natural gas leases in the State of Texas pursuant to an agreement with Nichols Oil and Gas Corporation (see item 20);
- (d) Sale and option of previously issued shares of the Company pursuant to an agreement between Evan T. Donaldson and Evandon Exploration & Holdings Limited and David S. Bongard, acting as trustee (see item 20);
- (e) Purchase of oil and gas leases and well located in such lease area at appraised value (see item 20);
- (f) Terms of Management Agreement between the Company and Gulfstream Resources Management, S.A. (see item 20);
- (g) Five-year option on 150,000 treasury shares of the Company granted to Edward F. Durkee (see item 20).

2. Head office address and any other office address.	Suite 902, 25 Adelaide St. West, Toronto, Ontario.																		
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	<p>The present officers and directors are as follows:</p> <table><tr><td><u>Name and Address</u></td><td><u>Position Held</u></td><td><u>Occupation</u></td></tr><tr><td>Evan Thomas Donaldson, 49 Thorncliffe Park Drive, Toronto 354, Ontario.</td><td>President and Director</td><td>Mining Executive</td></tr><tr><td>Edward F. Durkee, Columbine Drive, Evergreen, Colorado.</td><td>Executive Vice- President and Director</td><td>Geologist</td></tr><tr><td>Brian Wilfred Donaldson, 51 Alexander Street, Toronto, Ontario.</td><td>Secretary- Treasurer and Director</td><td>Chartered Secretary</td></tr><tr><td>William Clarke Campbell, 95 Dunvegan Road, Toronto 195, Ontario.</td><td>Director</td><td>Solicitor, partner in firm of Day, Wilson, Campbell</td></tr><tr><td>Donald Wentworth Falconer, 4 Cluny Drive, Toronto, Ontario.</td><td>Director</td><td>Solicitor, partner in firm of Holden, Murdoch, Walton, Finlay, Robinson</td></tr></table> <p>Messrs. Edward F. Durkee and Donald W. Falconer have been appointed in the place and stead of Messrs. Gerald F. Day and K.J. Donaldson as nominees of David S. Bongard.</p>	<u>Name and Address</u>	<u>Position Held</u>	<u>Occupation</u>	Evan Thomas Donaldson, 49 Thorncliffe Park Drive, Toronto 354, Ontario.	President and Director	Mining Executive	Edward F. Durkee, Columbine Drive, Evergreen, Colorado.	Executive Vice- President and Director	Geologist	Brian Wilfred Donaldson, 51 Alexander Street, Toronto, Ontario.	Secretary- Treasurer and Director	Chartered Secretary	William Clarke Campbell, 95 Dunvegan Road, Toronto 195, Ontario.	Director	Solicitor, partner in firm of Day, Wilson, Campbell	Donald Wentworth Falconer, 4 Cluny Drive, Toronto, Ontario.	Director	Solicitor, partner in firm of Holden, Murdoch, Walton, Finlay, Robinson
<u>Name and Address</u>	<u>Position Held</u>	<u>Occupation</u>																	
Evan Thomas Donaldson, 49 Thorncliffe Park Drive, Toronto 354, Ontario.	President and Director	Mining Executive																	
Edward F. Durkee, Columbine Drive, Evergreen, Colorado.	Executive Vice- President and Director	Geologist																	
Brian Wilfred Donaldson, 51 Alexander Street, Toronto, Ontario.	Secretary- Treasurer and Director	Chartered Secretary																	
William Clarke Campbell, 95 Dunvegan Road, Toronto 195, Ontario.	Director	Solicitor, partner in firm of Day, Wilson, Campbell																	
Donald Wentworth Falconer, 4 Cluny Drive, Toronto, Ontario.	Director	Solicitor, partner in firm of Holden, Murdoch, Walton, Finlay, Robinson																	
4. Share capitalization showing authorized and issued and outstanding capital.	The Company has an authorized capital of 5,000,000 shares of no par value, of which there are issued and outstanding 2,730,002 shares.																		
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	None.																		
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	<p>The Company has sold 430,000 shares by way of private placement at \$1.00 per share to realize a total of \$430,000. (see item 7 hereof)</p> <p>As a result of negotiations that commenced February 26th, 1973, the Company has a firm commitment for the purchase of a further 170,000 shares at \$1.00 per share to be taken up and paid for not later than April 10th, 1973.</p> <p>See item 20 regarding option granted to Edward F. Durkee who will be a full-time employee of Calif Resources Inc., the Company's wholly-owned subsidiary.</p>																		

7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	<p>The names and addresses of the private placement subscribers are as follows:</p> <p>Thesen Securities Limited, - 100,000 shares 34 Adelaide Street West, Toronto, Ontario.</p> <p>Canadian Vendbar Industries Limited - 100,000 shares 34 Adelaide Street West, Toronto, Ontario.</p> <p>Balmer Holdings Company, - 100,000 shares 20 King Street West, Toronto, Ontario.</p> <p>Gulfstream Resources Management, S.A. and Partners, - 130,000 shares 6 Rue de la Corraterie, 1204 Geneva, Switzerland.</p> <p>The aforesaid subscribers have agreed to purchase, for investment purposes, the shares referred to in item 6 hereof in the amount indicated.</p>
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	See Schedule "A" on pages 4 and 5.
10. Brief statement of company's chief development work during past year.	None
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	See Item 20
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	Not applicable
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	None
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	Not applicable

SCHEDULE "A"

The Company intends to proceed with the drilling recommendations as indicated hereunder for each of the respective leases. The completion of the overall program will require further financing.

Wes-Mor Lease

Drilling of five 3,000 foot wells has been recommended, two of which have been drilled. The first well and the lease on which it is located has been acquired at its appraised value (see item 20). Pending completion of financing arrangements D.S. Bongard, as trustee, advanced \$50,000 on account of the \$64,000 required to drill the second well. These two wells are awaiting production tests. The remaining three wells are to be drilled and will, on a turnkey basis, cost \$64,000 each.

Lipan Lease

Drilling of five 3,000 foot wells at an estimated cost of \$320,000 has been recommended to test the productive possibilities of the Strawn sands.

Sabano River Lease

Drilling of three 3,000 foot wells at an estimated aggregate cost of \$192,000 has been recommended to test the productive possibilities of the Fry sand and the Marble Falls formation.

The drilling program is pursuant to the terms of an agreement between the Company and Nichols Oil and Gas Corporation ("Nichols") dated March 2nd, 1973.

Schedule of payments and work to be done therefore is as follows:

- (a) The sum of \$278,000.00, which amount has been paid, for which Nichols will drill three additional wells inclusive of the second Wes-Mor well referred to above, on the Wes-Mor to a depth of 3,000 feet for the sum of \$64,000.00 each; drill one well to 3,000 feet on the Sabano River Lease for \$46,000.00; \$25,000.00 for purchase of the Sabano River Lease and existing wells thereon, and \$15,000.00 for purchase of the Lipan Lease (being reimbursement of lease bonus paid by Nichols);

(b) The sum of \$64,000.00 on or before March 28th, 1973, and the sum of \$64,000.00 on or before each succeeding ten days thereafter for five such payments, in all six \$64,000.00 payments. For each of the first five payments, Nichols will drill one well to a depth of 3,000 feet on the Lipan Lease. For the last such payment, Nichols will drill one well to a depth of 3,000 feet on the Wes-Mor Lease provided title objections to the Doster Lease thereunder have been cured to the Company's satisfaction, or Wes-Mor Drilling, Inc. has furnished leased acreage satisfactory to the Company as to title and location to replace the Doster Lease;

(c) The sum of \$64,000.00 on or before ninety days after the last payment provided for in paragraph (b) preceding, being August 15th, 1973, and the sum of \$64,000.00 on or before each succeeding ten days thereafter for two more such payments, in all three \$64,000.00 payments. For each of said payments, Nichols will drill one well to the Fry Sand and the Marble Falls Formation to an anticipated total depth of 3,000 feet on the Sabano River Lease.

Drilling of each well entitles the Company to an assignment of the lease area on which such well is located subject to the various royalties and the rights of Nichols set out in Item 20 under the caption "Terms of Principal Agreement".

In the event any payment is not paid by the dates provided, Nichols shall give Mindamar written notice of such default by certified mail and unless Mindamar pays such payment on or before the expiration of five days from the date of receipt of such notice by it, then as to such payment and all subsequent payments the agreement shall become null and void as to the leases covered by such payments and the assignments covering the same shall be returned by the escrow agent to Nichols and as to such leases, the Agreement shall come to an end but remain in full force and effect as to any wells theretofore drilled or leases theretofore acquired.

In the event Mindamar fails to provide the funds as herein above provided, it shall not be liable for the payment of the same in any manner but shall cause any and all leases or lands theretofore assigned to Calif to be reassigned to Nichols save and except that portion of any such lease or leases allocated to the spacing unit around each well presently existing or drilled thereon, the operation of which shall continue as provided.

SCHEDULE "B"

By agreement dated the 2nd day of March, 1973, between Evan T. Donaldson and Evandon Exploration & Holdings Limited (hereinafter collectively called "Donaldson") of the First Part and David S. Bongard of Gstaad, Switzerland, as Trustee for himself and for W.J. Sutton, A.H. Debenham and C.B. Dixon, all of the City of Toronto, Ontario and Gulfstream Resources Management, S.A., Switzerland, (hereinafter called "Bongard") of the Second Part, Donaldson agreed to sell and Bongard agreed to purchase 436,000 shares of the capital stock of the Company owned by Donaldson, being 100,000 at 15¢ and 336,000 at 30¢ per share payable within thirty days after the closing date, March 8th, 1973.

In consideration of the aforesaid purchase, Donaldson granted to Bongard an option to purchase all or any part of a further 308,000 shares of the Company at a price of 30¢ and 9,200 shares at 50¢ per share exercisable within twelve months from March 8th, 1973.

In addition Donaldson granted Bongard an option to purchase all or any part of a further 294,800 shares at 50¢ per share within eighteen months of March 8th, 1973. This option is exercisable only if,

(a) Calif has a gross income, less all operating expenses, at an annual rate of not less than \$250,000 (U.S.) from oil and gas production during any six-month period commencing three months after March 8th, 1973; or

(b) the shares of the Company sell at a price of \$1.00 or more per share for a twenty-consecutive-day period on the Toronto Stock Exchange after March 8th, 1973.

Subject to purchase of all of the aforesaid optioned shares Bongard will for a period of three years from March 8th, 1973, have a right of first refusal to purchase a further 452,000 shares owned by Donaldson.

Further, two of the private placees each received the right to purchase from Donaldson 19,250 previously issued shares of the Company at 30¢ per share and the option to purchase 15,000 shares each at 30¢ and 15,750 each at 50¢ exercisable within twelve and eighteen months from March 8th, 1973.

Donaldson has, for a period of three years commencing two years after March 8th, 1973, the right of first refusal to purchase all shares of New Quebec Raglan Mines Limited owned by the Company at the then current market price.

As provided under the Principal Agreement Bongard agreed to deliver to S.L. Nichols of Shreveport, Louisiana, 100,000 previously issued shares of the Company in connection with the settlement of certain claims by one, Gordon L. Smedley, Jr. of Boca Raton, Florida, against Bongard in connection with the Nichols Leases.

The Company has entered into a management contract with Gulfstream Resources Management, S.A. the terms of which are hereinafter set out. Such agreement permits Gulfstream to manage the business and affairs of Calif. It was further agreed that B.W. Donaldson would be employed by the Company for a period of 3-1/2 years after March 8th, 1973, as Secretary or Assistant Secretary at a salary to be negotiated.

Edward F. Durkee, Vice-President of Gulfstream Resources Management, S.A., Executive Vice-President of the Company, is President and Executive Officer of Calif.

Bongard has transferred all his right, title and interest in and to the gas well drilled on certain lands held under a lease dated August 18th, 1971, from Ethel Clapp to Wes-Mor Drilling Inc., located in the Lipan Field, Hood County, Texas (hereinafter called the "well"), pursuant to the provisions of the Wes-Mor Lease, the Company and/or Calif will pay Bongard the sum of \$64,000 (U.S.) plus an additional amount which will be equal to the amount at which the well and the 160 acres of the leased lands surrounding such well is valued by J.W. Jean Jr., P.Eng., less the sum of \$64,000 (U.S.). Such value shall be present day determined in accordance with recognized reservoir assessment, as approved by United Mindamar, but in any event shall not exceed \$225,000 (U.S.). If such well is valued at a sum less than \$100,000 (U.S.) but in excess of \$64,000 (U.S.) then the additional amount shall be paid in cash to Bongard, but if the well is valued at a sum in excess of \$100,000 (U.S.) then the additional amount in excess of \$64,000 (U.S.) shall be paid to Bongard by way of issued shares of the Company at \$1.00 per share. In any event not more than a further 161,000 shares may be issued in addition to the payment of \$64,000. The Company has given its promissory note to Bongard in the amount of \$64,000 payable by June 8, 1973, with interest at the rate of 7% per annum.

Details of the share consideration, if any, issuable to Bongard will be set out in an Amending Filing Statement together with the details of such evaluation.

All moneys received by the Company from the Private Placements will be expended on or in connection with the purchase of the "well", a drilling programme on the Nichols Leases and to keep such lands in good standing in all respects and carry out the performance commitments given by the Company pursuant to the Principal Agreement and to pay administration charges of Calif. For a period of two years following March 8th, 1973, the entire cash flow of Calif from its operations on the Nichols Leases will be retained for the purpose of further developing its activities in the oil and gas business; all moneys received by the Company from the Private Placements will be paid to Calif; and the Company will not demand the repayment of any moneys from Calif for a period of two years without obtaining the prior consent in writing of Bongard.

TERMS OF PRINCIPAL AGREEMENT

By Agreement (the "Principal Agreement") dated March 2nd, 1973 between Nichols Oil and Gas Corporation of Shreveport, Louisiana (hereinafter referred to as "Nichols") and United Mindamar Metals Limited (hereinafter referred to as the "Company") in consideration of the sum of money to be paid by the Company as hereinafter set out, and for the further consideration of the interests to be retained by Nichols or later transferred to it as hereinafter set out, Nichols agreed to drill and complete on a turnkey basis certain wells and to transfer and assign to Calif the Leases, all as hereinafter provided. Payments to be made by the Company, dates thereof and the consideration for which the Company makes such payments is as follows:

(a) The sum of \$278,000, which amount has been paid, for which Nichols will drill three wells on the Wes-Mor to a depth of 3,000 feet at the sum of \$64,000 each, drill one well to 3,000 feet on the Sabano River Lease for \$46,000, \$25,000 for purchase of the Sabano River Lease and existing wells thereon, and \$15,000 for purchase of the Lipan Lease (being reimbursement of lease bonus paid by Nichols);

(b) The sum of \$64,000 on or before March 28th, 1973, and the sum of \$64,000 on or before each succeeding ten days thereafter for five such payments,

in all six \$64,000 payments. For each of the first five said payments, Nichols will drill one well to a depth of 3,000 feet on the Lipan Lease. For the last such payment, Nichols will drill one well to a depth of 3,000 feet on the Wes-Mor Lease provided title objections to the Doster Lease thereunder have been cured to the Company's satisfaction, or Wes-Mor Drilling Inc. has furnished leased acreage satisfactory to the Company as to title and location to replace the Doster Lease;

(c) The sum of \$64,000 on or before ninety days after the last payment provided for in paragraph (b) being August 15th, 1973, and the sum of \$64,000 on or before each succeeding ten days thereafter for two more such payments, in all three \$64,000 payments. For each of said payments Nichols will drill one well to the Fry Sand and the Marble Falls formation to an anticipated total depth of 3,000 feet on the Sabano River Lease.

In the event any payment hereunder is not paid by the date provided, Nichols shall give the Company written notice of such default by certified mail and unless the Company pays such payments on or before the expiration of five days from the date of receipt of such notice by it, and as to such payment and all subsequent payments this Agreement shall become null and void as to the Leases covered by such payments and the assignments covering the same shall be returned by the escrow agent to Nichols and as to such Leases, this Agreement shall come to an end but remain in full force and effect as to any wells theretofore drilled or Leases theretofore acquired.

In the event the Company fails to provide the funds as herein provided, it, shall not be liable for the payment of the same in any manner, shall cause any and all Leases or lands theretofore assigned to Calif to be reassigned to Nichols, save and except that portion of any such Lease or Leases allocated to the spacing unit around each well presently existing, drilled thereon under the terms and conditions of this Agreement the operation of which shall continue as provided.

In the event of default by Nichols and its failure to correct any such default within ten days after notice thereof by the Company, its representatives or Calif to Nichols, this Agreement shall come to an end and the Company or Calif shall retain all Leases theretofore assigned to Calif free and clear of any interest therein by Nichols, including any overriding royalty. As to any well theretofore completed by Nichols hereunder, Nichols shall retain the interests herein provided for with respect to any such well and shall continue to operate the same in accordance with the operating agreement.

Details of the aforesaid Leases are as follows:

WES-MOR

The acreage consists of five units of 160 acres each in Hood County, Texas.

Unit No. 1 - Parks Lease

Date of Lease: September 2, 1971
Lessors: Marvin E. Parks and wife, Acle M. Parks

Unit No. 2 - Clapp Lease

Date of Lease: August 19, 1971
Lessor: Ethel Clapp

Unit No. 3 - Guerrey Lease

Date of Lease: August 3, 1971
Lessor: Grady L. Guerrey, et. ux., et. al.

Unit No. 4 - Doster Lease

Date of Lease: September 20, 1971
Lessor: Warren Bruce Doster and Milburn Doster

Unit No. 5 - Seymour Lease

Date of Lease: July 27, 1971
Lessors: Tolbert E.J. Seymour et. ux.

Royalties: Nichols retains a 1/16 of 8/8 overriding royalty interest in the above leases. At such time as the Company has recovered all drilling and completion costs on each well drilled on a Lease he shall reassign to Nichols a 25% working interest in and to such well. The working interest is also subject to a 1/8 landowners' royalty and an overriding royalty of 5/64 of 7/8 to Wes-Mor Drilling Company.

SABANO RIVER

This comprises two leases in south central Eastland County, Texas.

Date of Lease: August 22, 1972
Lessor: Truett B. Been et. ux., et. al.
Acreage: 160 acres

Date of Lease: May 2, 1955
Lessor: Ira L. Swift et. al.
Acreage: 162.2 acres

Royalties: Nichols retains an overriding royalty interest of 1/8 of 8/8 until such time as the Company shall have recovered all drilling and completion costs as to any well drilled thereon at which time such royalty interest will be reduced to 1/16 of 8/8 overriding royalty and the Company will convey

to Nichols 25% of the working interest in said well, the Company retaining 75% of the working interest. This Lease is also subject to a 1/8 landowners' royalty and to a 1/8 of 8/8 overriding royalty to D.W. Underwood et. al. on the present well located on the Lease and to a 1/32 of 8/8 overriding royalty to Bob Parrot on a well to be drilled on the lease.

LIPAN

This Lease is in Hood County, Texas.

Date of Lease: June 15, 1971
Lessors: Seth D. Millington et. ux., et. al.
Acreage: 740 acres

Royalties: Nichols retains an overriding royalty interest of 1/8 of 8/8 until such time as the Company has recovered all drilling and completion costs as to any well drilled at which time the overriding royalty interest is reduced to 1/16 of 8/8 and the Company will convey to Nichols 25% of the working interest in such well, the Company retaining 75% of the working interest. This Lease is also subject to a 1/8 landowners' royalty and to a 1/32 of 8/8 overriding royalty to David Oil Company.

Upon payment of the amounts specified to the escrow agent on any particular lease, a transfer of such lease in favour of Calif Resources Inc. will be delivered and registered. Final title investigation will be completed at the time of such payment and registration.

TERMS OF PROPOSED MANAGEMENT AGREEMENT

Gulfstream Resources Management, S.A. (hereinafter referred to as "Gulfstream") by agreement dated March 8th, 1973, has been appointed Manager and Operator of Calif Resources Inc., the Company's wholly-owned U.S. subsidiary, at a management fee of \$30,000 per annum.

Edward F. Durkee, Executive Vice-President of the Company and President of Calif has been granted an option exercisable for a five-year period to purchase an aggregate of 150,000 shares of the capital stock of the Company at a price of \$1.00 per share.

The Management Agreement is for a period of two years.

As a condition to the private placement in the amount of \$170,000 referred to in item 6 above, the Company has granted Gulfstream an option to acquire 25% of the working interest in any oil and gas property that may be acquired by the Company or Calif at acquisition cost. This option does not apply to the Nichols Leases or wells referred to herein.

FINANCIAL STATEMENTS

UNITED MINDAMAR METALS LIMITED
(Incorporated under the laws of Ontario)

BALANCE SHEET

DECEMBER 31, 1972
(with comparative figures at December 31, 1971)

	<u>1972</u>	<u>1971</u>
<u>A S S E T S</u>		
Current assets:		
Cash	\$ 418	\$ 295
Interest bearing deposit	15,951	30,802
Marketable securities (quoted market value \$84,283 in 1972 and \$116,955 in 1971)(note 1)	<u>88,549</u>	<u>77,986</u>
	<u>\$ 104,918</u>	<u>\$ 109,083</u>
<u>L I A B I L I T I E S</u>		
Current liabilities:		
Accounts payable	\$ <u>400</u>	\$ <u>350</u>
Shareholders' equity:		
Capital -		
Authorized:		
5,000,000 shares without par value		
Issued:		
2,300,002 shares	596,668	596,668
Contributed surplus	<u>643,335</u>	<u>643,335</u>
	1,240,003	1,240,003
Deficit	<u>(1,135,485)</u>	<u>(1,131,270)</u>
	<u>104,518</u>	<u>108,733</u>
	<u>\$ 104,918</u>	<u>\$ 109,083</u>

On behalf of the Board:

Eric T. Donaldson Director

B W Donaldson Director

STATEMENTS OF LOSS AND DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 1972
(with comparative figures for 1971)

	<u>1972</u>	<u>1971</u>
<u>LOSS</u>		
Income:		
Interest	\$ <u>1,412</u>	\$ <u>1,805</u>
Expenses:		
Administrative expenses -		
Administrative fee	1,500	1,500
Annual meeting	633	603
Audit and legal	750	450
Stock transfer fees	640	790
Miscellaneous	<u>304</u>	<u>324</u>
	3,827	3,667
Exploration expenses	600	251
Write down of marketable securities to market value	<u>1,200</u>	<u>787</u>
	<u>5,627</u>	<u>4,705</u>
Loss for the year	<u>\$ 4,215</u>	<u>\$ 2,900</u>
<u>DEFICIT</u>		
Balance, beginning of year	\$1,131,270	\$1,128,370
Loss for the year	<u>4,215</u>	<u>2,900</u>
Balance, end of year	<u>\$1,135,485</u>	<u>\$1,131,270</u>

UNITED MINDAMAR METALS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1972
(with comparative figures for 1971)

	<u>1972</u>	<u>1971</u>
Working capital, beginning of year	\$ <u>108,733</u>	\$ <u>111,633</u>
Funds were expended on:		
Loss for the year	<u>4,215</u>	<u>2,900</u>
Decrease in working capital	<u>4,215</u>	<u>2,900</u>
Working capital, end of year	\$ <u>104,518</u>	\$ <u>108,733</u>

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1972

1. Marketable securities are carried at the lower of cost or market, except for one security at December 31, 1972. The market value of this security had temporarily declined at the year end and was \$5,400 less than cost. Subsequently, at January 16, 1973, the market value was \$16,500 in excess of cost and consequently no write down was made.
2. Officers and directors as defined in The Business Corporations Act 1970 (Ontario) received remuneration of \$1,500 during the year.

Clarkson, Gordon & Co.

Chartered Accountants

Royal Trust Tower
P.O. Box 251 Toronto-Dominion Centre
Toronto 111, Canada

Halifax Saint John Quebec Montreal Ottawa
Toronto Hamilton Kitchener London Windsor
Thunder Bay Winnipeg Regina Calgary
Edmonton Vancouver Victoria

Arthur Young, Clarkson, Gordon & Co.
United States—Brazil

Telephone 864-1234 (Area Code 416)

AUDITORS' REPORT

To the Shareholders of
United Mindamar Metals Limited:

We have examined the balance sheet of United Mindamar Metals Limited as at December 31, 1972 and the statements of loss and deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1972 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Clarkson, Gordon & Co.

Chartered Accountants

Toronto, Canada,
January 16, 1972.

ENGINEERS' REPORT

The following is a summary of the report by J. L. Nichols, Geologist and J. W. Jean, Jr., Petroleum Engineer dated March 6, 1973, concerning reserves and evaluation of properties located in Hood and Eastland Counties, Texas. A copy of the above report is on file with The Toronto Stock Exchange.

ESTIMATED POTENTIAL NET RECOVERABLE RESERVES

AND

PROJECTED FUTURE NET INCOME

Sabano River

	Wes-Mor <u>Lipan</u>	Lipan	Been <u>Lease</u>	#1 Joiner <u>Well</u>
Gas, MCF, Gross	14,347,653 (1)	12,864,000 (1)	1,393,470	1,393,470
Net	8,117,433	7,634,000	845,789	746,178
Liquid, Bbls, Gross	71,735	64,320	6,965	6,965
Net	40,580	38,173	4,228	3,729
FNOI (2)	\$3,588,156	\$3,286,198	\$329,211	\$280,318
P.W. of FNOI disc. @ 9%	\$2,341,557	\$2,129,028	\$259,936	\$220,020
Prices: Gas	\$ 0.474/MCF Net			
Liquids	\$ 3.36 /Bbl. Net			
Projected Payout	6 Mo.	4 Mo.	8 Mo.	9 Mo.
Life	20 Yrs.	20 Yrs.	7 Yrs.	7 Yrs.
No. of wells	5 New	5 New	1 New	1 Pre- sent
Productive Acres	800	748	160	160

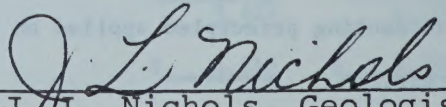
SUMMARY OF PROJECTED FUTURE NET INCOME

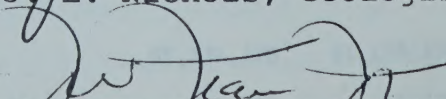
	<u>Not Discounted</u>	<u>Disc. @ 9%</u>
Wes-Mor Lipan	\$3,588,156	\$2,341,557
Lipan	3,286,198	2,129,028
Sabano - Been Lease	329,211	259,936
Joiner #1	280,318	220,020
	<u>\$7,483,883</u>	<u>\$4,950,541</u>

(1) 50% of calculated reserves due to unknowns.

(2) Future net operating income to the 75% working interest.

The Wes-Mor Lipan and Lipan Prospects are located in Hood County Texas. The Sabano River Prospects (Been Lease and Joiner No. 1) are located in Eastland County, Texas.


J. L. Nichols, Geologist


J. W. Jean, Jr.,
Petroleum Engineer

Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.

The six largest registered shareholders are as follows:

Draper Dobie & Co. Ltd., 25 Adelaide Street West, Toronto, Ontario.	1,696,144 shares
E. Edwards, 250 University Avenue, Toronto, Ontario.	200,000 shares
Levesque, Beaubien, Inc. 360 Ouest, rue St-Jacques, Montreal, Quebec.	130,000 shares
Balmer Holdings Company, 20 King Street West, Toronto, Ontario.	100,000 shares
Thesen Securities Limited, 34 Adelaide Street West, Toronto, Ontario.	100,000 shares
Canadian Vendbar Industries Limited, 34 Adelaide Street West, Toronto, Ontario.	100,000 shares

The beneficial owners of the aforesaid shares are not known to the signatories hereto, save and except that 950,280 shares registered in the name of Draper Dobie & Co. Ltd. are beneficially owned by Evan T. Donaldson and 600,000 shares registered in the name of Draper Dobie & Co. Ltd. are beneficially owned by Evandon Exploration & Holdings Limited. Also, the 200,000 shares registered in the name of E. Edwards are beneficially owned by Evandon Exploration & Holdings Limited. Evandon Exploration & Holdings Limited is controlled by Evan T. Donaldson, his brothers and sisters.

The remaining four shareholders are the private places referred to in item 7. The shares registered in the name of Levesque, Beaubien Inc. are beneficially owned by Gulfstream Resources Management, S.A. and Partners.

16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	Evan T. Donaldson, 49 Thorncliffe Park Drive, Toronto, by reason of beneficial ownership of shares of the capital stock of the Company is in a position to materially affect control of the Company.																
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	<p>The Company owns the following shares in other Companies:-</p> <table><thead><tr><th>Company</th><th>Shares</th><th>Cost</th><th>Market Value</th></tr></thead><tbody><tr><td>New Northcal Mines Ltd.</td><td>3,750</td><td>\$ 1,462.50</td><td>\$ 375.00</td></tr><tr><td>New Quebec Raglan Mines Limited</td><td>15,300</td><td>76,523.67</td><td>76,000.00</td></tr><tr><td>International Mogul Mines Limited</td><td>1,000</td><td>11,762.38</td><td>12,000.00</td></tr></tbody></table>	Company	Shares	Cost	Market Value	New Northcal Mines Ltd.	3,750	\$ 1,462.50	\$ 375.00	New Quebec Raglan Mines Limited	15,300	76,523.67	76,000.00	International Mogul Mines Limited	1,000	11,762.38	12,000.00
Company	Shares	Cost	Market Value														
New Northcal Mines Ltd.	3,750	\$ 1,462.50	\$ 375.00														
New Quebec Raglan Mines Limited	15,300	76,523.67	76,000.00														
International Mogul Mines Limited	1,000	11,762.38	12,000.00														
18. Brief statement of any lawsuits pending or in process against company or its properties.	None																
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	See Item 20																
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	See Schedule "B" on pages 6 to 11.																

CERTIFICATE OF THE COMPANY

DATED March 8th, 1973

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

UNITED MINDAMAR METALS LIMITED

"E.T. DONALDSON"

Evan T. Donaldson

CORPORATE
SEAL

"B.W. DONALDSON"

B.W. Donaldson

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)